UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN

SURESH RAM, derivatively on behalf of FORD MOTOR COMPANY, Plaintiffs, v. JAMES D. FARLEY, JR., KIMBERLY A. CASIANO, ALEXANDRA FORD ENGLISH, HENRY FORD III, WILLIAM CLAY FORD, JR., WILLIAM W. HELMAN IV, JON M. HUNTSMAN, JR., WILLIAM E. KENNARD, JOHN C. MAY, BETH E. MOONEY, LYNN VOJVODICH RADAKOVICH, JOHN L. THORNTON, JOHN B. VEIHMEYER, and JOHN S. WEINBERG, Defendants, -and- FORD MOTOR COMPANY, a Delaware Corporation, Nominal Defendant.	Case No. JURY TRIAL DEMANDED

Plaintiff Suresh Ram ("Plaintiff"), derivatively on behalf of Ford Motor Company ("Ford" or the "Company"), brings the following complaint against the Company's board of directors (the "Board") and executive officers for breaches of fiduciary duties and violation of Section 14(a) of the Securities Exchange Act of 1934. Except for allegations specifically pertaining to Plaintiff and Plaintiff's own acts, the allegations in the Complaint are based upon information and belief, which include but are not limited to: (i) the Company's public filings with the United States Securities and Exchange Commission (the "SEC"); (ii) pleadings filed in *Sklodowski v. Ford Motor Company, et al.*, 2:24-cv-12492-TBG-EAS (E.D.Mich.) and *Guzman v. Ford Motor Company, et al.*, 2:24-cv-12080-LVP-KGA (E.D.Mich.); (iii) corporate governance documents

available on the Company's website; and (iv) other publicly available information.

NATURE OF THE ACTION

1. This is a stockholder derivative action brought by Plaintiff, a stockholder of Ford, on behalf of the Company against the Defendants. This action alleges breaches of fiduciary duty by the Board and senior executive officers occurring from at least October 28, 2021, to July 24, 2024. During that time the Defendants (as defined herein) caused or allowed Ford to issue or make materially false and misleading statements concerning the Company's financial condition and business operations.

2. Ford is an iconic American vehicle manufacturer, being formed over 100 years ago to produce cars designed by Henry Ford. Now, Ford produces hybrid and fully electric vehicles in addition to traditional gas-powered vehicles, and the Company's vehicles are sold all over the world.

3. The Company offers warranties when a vehicle is purchased, and accrues the estimated costs associated with the warranty. These estimated costs are updated regularly and disclosed in filings with the SEC.

4. For years, the Company discussed with investors its expected financial performance and profitability, but did not inform those investors of the significant impact of warranty costs on financial performance. More importantly, the Company failed to disclose that quality issues would be the cause of increased warranty costs, and that said costs would negatively impact profitability and performance.

5. Through this action, Plaintiff seeks to hold the Board and executive officers accountable for making or causing the Company to make false and misleading statements in breach of their fiduciary duties to the Company.

PARTIES

A. Plaintiff

6. Plaintiff Suresh Ram is a current shareholder of Ford and has continuously held Ford stock during all times relevant hereto, and is committed to retaining Ford shares through the pendency of this action to preserve his standing. Plaintiff will adequately and fairly represent the interests of Ford and its shareholders in enforcing its rights.

B. Nominal Defendant

7. Nominal Defendant Ford is a corporation organized and existing under the laws of the State of Delaware. The Company's principal executive offices are located at One American Road, Dearborn, Michigan 48126. Ford common stock trades on the New York Stock Exchange under the ticker symbol "F."

C. Individual Defendants

8. Defendant James D. Farley, Jr. has served as President, CEO and a director of the Company since 2020.

9. Defendant Kimberly A. Casiano has been a director of the Company since 2003. Defendant Casiano was a member of the Audit Committee during the relevant time period.

10. Defendant Alexandra Ford English has been a director of the Company since 2021. Defendant Ford English was employed by the Company from 2017 to 2022 and is a member of the Ford family.

11. Defendant Henry Ford III has been a director of the Company since 2021. Defendant H. Ford was employed by the Company from 2006 to 2021 and is a member of the Ford family.

12. Defendant William Clay Ford, Jr. has been a director of the Company since 1988. Defendant W. Ford served as CEO of the Company from 2001 to 2006 and has served as Executive Chair since 2006. In addition, Defendant W. Ford is an owner of the Detroit Lions and is an officer and director of the Detroit Lions, from which the Company purchased naming rights for the Detroit Lions' stadium for $50 million in 2002. Defendant W. Ford is a member of the Ford family.

13. Defendant William W. Helman IV has been a director of the Company since 2011.

14. Defendant Jon M. Huntsman, Jr. has been a director of the Company since 2020. From 2021 to 2022, Defendant Huntsman advised the Ford President and CEO and served as Executive Chair.

15. Defendant William E. Kennard has been a director of the Company since 2015.

16. Defendant John C. May has been a director of the Company since 2021.

17. Defendant Beth E. Mooney has been a director of the Company since 2019. Defendant Mooney was a member of the Audit Committee during the relevant time period.

18. Defendant Lynn Vojvodich Radakovich has been a director of the Company since 2017.

19. Defendant John L. Thornton has been a director of the Company since 2022.

20. Defendant John B. Veihmeyer has been a director of the Company since 2017. Defendant Veihmeyer was Chair of the Audit Committee during the relevant time period.

21. Defendant John S. Weinberg has been a director of the Company since 2016.

22. Defendants Farley, Casiano, Ford English, H. Ford, W. Ford, Helman, Huntsman, Kennard, May, Mooney, Vojvodich Radakovich, Thornton, Veihmeyer, and Weinberg are herein referred to as "Director Defendants."

23. Defendant John T. Lawler has served as Ford's Chief Financial Officer since 2020.

24. Defendant Kumar Galhotra has served as Ford's Chief Operating Officer since October 2023. Previously, Defendant Galhotra served as President, Ford Blue and President, Ford Americas.

25. Defendants Farley, Lawler and Galhotra are herein referred to as "Officer Defendants."

JURISDICTION AND VENUE

26. This Court has subject matter jurisdiction pursuant to 28 U.S.C. § 1331 because Plaintiff's claims raise a federal question under Section 14(a) of the Securities Exchange Act of 1934, 15 U.S.C. § 78n(a)(1), and Rule 14a-9 promulgated thereunder, 17 C.F.R. § 240.14a-9.

27. This Court has supplemental jurisdiction over Plaintiff's state law claims pursuant to 28 U.S.C. § 1367(a).

28. Personal jurisdiction exists over each Defendant either because the Defendant conducts business in or maintains operations in this District or is an individual who is either present in this District for jurisdictional purposes or has sufficient minimum contacts with this District as to render the exercise of jurisdiction over Defendant by this Court permissible under traditional notions of fair play and substantial justice.

29. Venue is proper in this court under 28 U.S.C. § 1391, because Ford is headquartered in this District, and a significant amount of the conduct at issue took place and had an effect in this District.

FURTHER SUBSTANTIVE ALLEGATIONS

A. Company Background

30. The Company has been in existence since 1903, when it began to sell automobiles designed by Henry Ford. More than 100 years later, Ford manufactures and sells trucks, sport

utility vehicles, luxury vehicles, and commercial vans throughout the world. The vehicles built by Ford are gas-powered, hybrid, or fully electric.

31. Vehicles sold by Ford come with a warranty. These warranties require the Company to repair or replace parts that are defective during the warranty's specific time period. Ford accrues the estimated cost of warranty coverage at the time a vehicle is sold. The Company includes the cost of litigation related to their warranties in the warranty costs. The Company's independent auditor determined that the procedures followed in calculating warranty costs constituted a critical audit matter, which required disclosure to the audit committee.

B. Ford's False and Misleading Statements

32. From at least October 28, 2021, to July 24, 2024, Ford and its executive officers made materially false and misleading statements about quality issues with Ford's vehicles that increased warranty costs, in turn negatively impacting the Company's financial performance.

33. On October 28, 2021, the Company released its financial results for the third quarter of 2021. The Form 10-Q filed with the SEC that day stated:

> **Warranty and Field Service Actions**
>
> We accrue the estimated cost of both base warranty coverages and field service actions at the time of sale. We establish our estimate of base warranty obligations using a patterned estimation model, using historical information regarding the nature, frequency, and average cost of claims for each vehicle line by model year. We establish our estimates of field service action obligations using a patterned estimation model, using historical information regarding the nature, frequency, severity, and average cost of claims for each model year. In addition, from time to time, we issue extended warranties at our expense, the estimated cost of which is accrued at the time of issuance. Warranty and field service action obligations are reported in *Other liabilities and deferred revenue*. We reevaluate the adequacy of our accruals on a regular basis.
>
> We recognize the benefit from a recovery of the costs associated with our warranty and field service actions when specifics of the recovery have been agreed with our supplier and the amount of recovery is virtually certain. Recoveries are reported in *Trade and other receivables, net* and *Other assets.*

The estimate of our future warranty and field service action costs, net of estimated supplier recoveries, for the periods ended September 30 was as follows (in millions):

	First Nine Months	
	2020	2021
Beginning balance	$ 5,702	$ 8,172
Payments made during the period	(2,913)	(3,109)
Changes in accrual related to warranties issued during the period	2,419	2,819
Changes in accrual related to pre-existing warranties	1,451	44
Foreign currency translation and other	(75)	(77)
Ending balance	$ 6,584	$ 7,849

Changes to our estimated costs are reported as changes in accrual related to pre-existing warranties in the table above. Our estimate of reasonably possible costs in excess of our accruals for material field service actions and customer satisfaction actions is a range of up to about $900 million in the aggregate.

34. On February 4, 2022, the Company released its financial results for the fourth quarter and year 2021. The Form 10-K filed with the SEC that day stated:

> *Warranty Coverage, Field Service Actions, and Customer Satisfaction Actions*. We provide warranties on vehicles we sell. Warranties are offered for specific periods of time and/or mileage, and vary depending upon the type of product and the geographic location of its sale. Pursuant to these warranties, we will repair, replace, or adjust parts on a vehicle that are defective in factory-supplied materials or workmanship during the specified warranty period. In addition to the costs associated with this warranty coverage provided on our vehicles, we also incur costs as a result of field service actions (i.e., safety recalls, emission recalls, and other product campaigns), and for customer satisfaction actions.
>
> * * *
>
> We consider an accounting estimate to be critical if: (1) the accounting estimate requires us to make assumptions about matters that were highly uncertain at the time the accounting estimate was made, and (2) changes in the estimate that are reasonably likely to occur from period to period, or use of different estimates that

we reasonably could have used in the current period, would have a material impact on our financial condition or results of operations.

Management has discussed the development and selection of these critical accounting estimates with the Audit Committee of our Board of Directors. In addition, there are other items within our financial statements that require estimation, but are not deemed critical as defined above. Changes in estimates used in these and other items could have a material impact on our financial statements.

Warranties and Field Service Actions

Nature of Estimates Required. We provide base warranties on the products we sell for specific periods of time and/or mileage, which vary depending upon the type of product and the geographic location of its sale. Separately, we also periodically perform field service actions related to safety recalls, emission recalls, and other product campaigns. Pursuant to these warranties and field service actions, we will repair, replace, or adjust parts on a vehicle that are defective in factory-supplied materials or workmanship. We accrue the estimated cost of both base warranty coverages and field service actions at the time of sale. In addition, from time to time, we issue extended warranties at our expense, the estimated cost of which is accrued at the time of issuance.

Assumptions and Approach Used. We establish our estimate of base warranty obligations using a patterned estimation model. We use historical information regarding the nature, frequency, and average cost of claims for each vehicle line by model year. We reevaluate our estimate of base warranty obligations on a regular basis. Experience has shown that initial data for any given model year may be volatile; therefore, our process relies on long-term historical averages until sufficient data are available. With actual experience, we use the data to update the historical averages. We then compare the resulting accruals with present spending rates to assess whether the balances are adequate to meet expected future obligations. Based on this data, we update our estimates as necessary.

Field service actions may occur in periods beyond the base warranty coverage period. We establish our estimates of field service action obligations using a patterned estimation model. We use historical information regarding the nature, frequency, severity, and average cost of claims for each model year. We assess our obligation for field service actions on a regular basis using actual claims experience and update our estimates as necessary.

Due to the uncertainty and potential volatility of the factors used in establishing our estimates, changes in our assumptions could materially affect our financial condition and results of operations. See Note 25 of the Notes to the Financial Statements for information regarding warranty and field service action costs.

* * *

Warranty and Field Service Actions Accrual (United States)

As described in Note 25 to the consolidated financial statements, the Company had an accrual for estimated future warranty and field service action costs, net of estimated supplier recoveries ("warranty accrual"), of $8,451 million as of December 31, 2021, of which the United States comprises a significant portion. Management accrues the estimated cost of both base warranty coverages and field service actions at the time of sale. Management establishes their estimate of base warranty obligations using a patterned estimation model, using historical information regarding the nature, frequency, and average cost of claims for each vehicle line by model year. Management establishes their estimates of field service action obligations using a patterned estimation model, using historical information regarding the nature, frequency, severity, and average cost of claims for each model year. Management reevaluates the adequacy of their accruals on a regular basis.

The principal considerations for our determination that performing procedures relating to the warranty accrual for the United States is a critical audit matter are (i) the significant judgment by management in the estimation of the accrual and development of the patterned estimation model; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating the estimation model and significant assumptions related to the frequency and average cost of claims; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls related to the estimate of the warranty accrual for the United States. These procedures also included, among others, evaluating the reasonableness of significant assumptions used by management to develop the warranty accrual for the United States, related to the frequency and average cost of claims, in part by considering the historical experience of the Company. Professionals with specialized skill and knowledge were used to assist in evaluating the appropriateness of the model as well as the reasonableness of significant assumptions related to the frequency and average cost of claims.

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Warranty and Field Service Actions

We accrue the estimated cost of both base warranty coverages and field service actions at the time of sale. We establish our estimate of base warranty obligations using a patterned estimation model, using historical information regarding the nature, frequency, and average cost of claims for each vehicle line by model year. We establish our estimates of field service action obligations using a patterned estimation model, using historical information regarding the nature, frequency,

severity, and average cost of claims for each model year. In addition, from time to time, we issue extended warranties at our expense, the estimated cost of which is accrued at the time of issuance. Warranty and field service action obligations are reported in *Other liabilities and deferred revenue*. We reevaluate the adequacy of our accruals on a regular basis.

We recognize the benefit from a recovery of the costs associated with our warranty and field service actions when specifics of the recovery have been agreed with our supplier and the amount of recovery is virtually certain. Recoveries are reported in *Trade and other receivables, net* and *Other assets.*

The estimate of our future warranty and field service action costs, net of estimated supplier recoveries, for the years ended December 31 was as follows (in millions):

	2020	**2021**
Beginning balance	$ 5,702	$ 8,172
Payments made during the period	(3,923)	(3,952)
Changes in accrual related to warranties issued during the period	3,934	4,102
Changes in accrual related to pre-existing warranties	2,403	221
Foreign currency translation and other	56	(92)
Ending balance	$ 8,172	$ 8,451

Changes to our estimated costs are reported as changes in accrual related to pre-existing warranties in the table above. Our estimate of reasonably possible costs in excess of our accruals for material field service actions and customer satisfaction actions is a range of up to about $1 billion in the aggregate.

35. On April 28, 2022, the Company released its financial results for the first quarter of 2022. The Form 10-Q filed with the SEC that day stated:

Warranty and Field Service Actions

We accrue the estimated cost of both base warranty coverages and field service actions at the time of sale. We establish our estimate of base warranty obligations using a patterned estimation model, using historical information regarding the nature, frequency, and average cost of claims for each vehicle line by model year. We establish our estimates of field service action obligations using a patterned estimation model, using historical information regarding the nature, frequency, severity, and average cost of claims for each model year. In addition, from time to time, we issue extended warranties at our expense, the estimated cost of which is

accrued at the time of issuance. Warranty and field service action obligations are reported in *Other liabilities and deferred revenue*. We reevaluate the adequacy of our accruals on a regular basis.

We recognize the benefit from a recovery of the costs associated with our warranty and field service actions when specifics of the recovery have been agreed with our supplier and the amount of recovery is virtually certain. Recoveries are reported in *Trade and other receivables, net* and *Other assets.*

The estimate of our future warranty and field service action costs, net of estimated supplier recoveries, for the periods ended March 31 was as follows (in millions):

	First Quarter	
	2021	**2022**
Beginning balance	$ 8,172	$ 8,451
Payments made during the period	(1,086)	(984)
Changes in accrual related to warranties issued during the period	1,000	793
Changes in accrual related to pre-existing warranties	(141)	21
Foreign currency translation and other	(40)	38
Ending balance	$ 7,905	$ 8,319

Changes to our estimated costs are reported as changes in accrual related to pre-existing warranties in the table above. Our estimate of reasonably possible costs in excess of our accruals for material field service actions and customer satisfaction actions is a range of up to about $700 million in the aggregate.

36. On July 28, 2022, the Company released its financial results for the second quarter of 2022. The Form 10-Q filed with the SEC that day stated:

Warranty and Field Service Actions

We accrue the estimated cost of both base warranty coverages and field service actions at the time of sale. We establish our estimate of base warranty obligations using a patterned estimation model, using historical information regarding the nature, frequency, and average cost of claims for each vehicle line by model year. We establish our estimates of field service action obligations using a patterned estimation model, using historical information regarding the nature, frequency, severity, and average cost of claims for each model year. In addition, from time to

time, we issue extended warranties at our expense, the estimated cost of which is accrued at the time of issuance. Warranty and field service action obligations are reported in *Other liabilities and deferred revenue*. We reevaluate the adequacy of our accruals on a regular basis.

We recognize the benefit from a recovery of the costs associated with our warranty and field service actions when specifics of the recovery have been agreed with our supplier and the amount of recovery is virtually certain. Recoveries are reported in *Trade and other receivables, net* and *Other assets.*

The estimate of our future warranty and field service action costs, net of estimated supplier recoveries, for the periods ended June 30 was as follows (in millions):

	First Half	
	2021	**2022**
Beginning balance	$ 8,172	$ 8,451
Payments made during the period	(2,169)	(2,006)
Changes in accrual related to warranties issued during the period	1,933	1,877
Changes in accrual related to pre-existing warranties	80	395
Foreign currency translation and other	(5)	(120)
Ending balance	$ 8,011	$ 8,597

Changes to our estimated costs are reported as changes in accrual related to pre-existing warranties in the table above. Our estimate of reasonably possible costs in excess of our accruals for material field service actions and customer satisfaction actions is a range of up to about $700 million in the aggregate.

37. On October 27, 2022, the Company released its financial results for the third quarter of 2022. The Form 10-Q filed with the SEC that day stated:

Warranty and Field Service Actions

We accrue the estimated cost of both base warranty coverages and field service actions at the time of sale. We establish our estimate of base warranty obligations using a patterned estimation model, using historical information regarding the nature, frequency, and average cost of claims for each vehicle line by model year. We establish our estimates of field service action obligations using a patterned

estimation model, using historical information regarding the nature, frequency, severity, and average cost of claims for each model year. In addition, from time to time, we issue extended warranties at our expense, the estimated cost of which is accrued at the time of issuance. Warranty and field service action obligations are reported in *Other liabilities and deferred revenue*. We reevaluate the adequacy of our accruals on a regular basis.

We recognize the benefit from a recovery of the costs associated with our warranty and field service actions when specifics of the recovery have been agreed with our supplier and the amount of recovery is virtually certain. Recoveries are reported in *Trade and other receivables, net* and *Other assets.*

The estimate of our future warranty and field service action costs, net of estimated supplier recoveries, for the periods ended September 30 was as follows (in millions):

	First Nine Months	
	2021	**2022**
Beginning balance	$ 8,172	$ 8,451
Payments made during the period	(3,109)	(3,063)
Changes in accrual related to warranties issued during the period	2,819	2,806
Changes in accrual related to pre-existing warranties	44	449
Foreign currency translation and other	(77)	(241)
Ending balance	$ 7,849	$ 8,402

Changes to our estimated costs are reported as changes in accrual related to pre-existing warranties in the table above. Our estimate of reasonably possible costs in excess of our accruals for material field service actions and customer satisfaction actions is a range of up to about $700 million in the aggregate.

38. On February 3, 2023, the Company released its financial results for the fourth quarter and year 2022. The Form 10-K filed with the SEC that day stated:

Warranty Coverage, Field Service Actions, and Customer Satisfaction Actions. We provide warranties on vehicles we sell. Warranties are offered for specific periods of time and/or mileage, and vary depending upon the type of product and the geographic location of its sale. Pursuant to these warranties, we

will repair, replace, or adjust parts on a vehicle that are defective in factory-supplied materials or workmanship during the specified warranty period. In addition to the costs associated with this warranty coverage provided on our vehicles, we also incur costs as a result of field service actions (i.e., safety recalls, emission recalls, and other product campaigns), and for customer satisfaction actions.

* * *

We consider an accounting estimate to be critical if: (1) the accounting estimate requires us to make assumptions about matters that were highly uncertain at the time the accounting estimate was made, and (2) changes in the estimate that are reasonably likely to occur from period to period, or use of different estimates that we reasonably could have used in the current period, would have a material impact on our financial condition or results of operations.

Management has discussed the development and selection of these critical accounting estimates with the Audit Committee of our Board of Directors. In addition, there are other items within our financial statements that require estimation, but are not deemed critical as defined above. Changes in estimates used in these and other items could have a material impact on our financial statements.

Warranties and Field Service Actions

Nature of Estimates Required. We provide base warranties on the products we sell for specific periods of time and/or mileage, which vary depending upon the type of product and the geographic location of its sale. Separately, we also periodically perform field service actions related to safety recalls, emission recalls, and other product campaigns. Pursuant to these warranties and field service actions, we will repair, replace, or adjust parts on a vehicle that are defective in factory-supplied materials or workmanship. We accrue the estimated cost of both base warranty coverages and field service actions at the time of sale. In addition, from time to time, we issue extended warranties at our expense, the estimated cost of which is accrued at the time of issuance.

Assumptions and Approach Used. We establish our estimate of base warranty obligations using a patterned estimation model. We use historical information regarding the nature, frequency, and average cost of claims for each vehicle line by model year. We reevaluate our estimate of base warranty obligations on a regular basis. Experience has shown that initial data for any given model year may be volatile; therefore, our process relies on long-term historical averages until sufficient data are available. With actual experience, we use the data to update the historical averages. We then compare the resulting accruals with present spending rates to assess whether the balances are adequate to meet expected future obligations. Based on this data, we update our estimates as necessary.

Field service actions may occur in periods beyond the base warranty coverage period. We establish our estimates of field service action obligations using a patterned estimation model. We use historical information regarding the nature, frequency, severity, and average cost of claims for each model year. We assess our obligation for field service actions on a regular basis using actual claims experience and update our estimates as necessary.

Due to the uncertainty and potential volatility of the factors used in establishing our estimates, changes in our assumptions could materially affect our financial condition and results of operations. See Note 25 of the Notes to the Financial Statements for information regarding warranty and field service action costs.

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Warranty and Field Service Actions Accrual (United States)

As described in Note 25 to the consolidated financial statements, the Company had an accrual for estimated future warranty and field service action costs, net of estimated supplier recoveries ("warranty accrual"), of $9,193 million as of December 31, 2022, of which the United States comprises a significant portion. Management accrues the estimated cost of both base warranty coverages and field service actions at the time of sale. Management establishes their estimate of base warranty obligations using a patterned estimation model, using historical information regarding the nature, frequency, and average cost of claims for each vehicle line by model year. Management establishes their estimates of field service action obligations using a patterned estimation model, using historical information regarding the nature, frequency, severity, and average cost of claims for each model year. Management reevaluates the adequacy of their accruals on a regular basis.

The principal considerations for our determination that performing procedures relating to the warranty accrual for the United States is a critical audit matter are (i) the significant judgment by management in the estimation of the accrual and development of the patterned estimation model; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating the estimation model and significant assumptions related to the frequency and average cost of claims; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls related to the estimate of the warranty accrual for the United States. These procedures also included, among others, evaluating the reasonableness of significant assumptions used by management to develop the warranty accrual for the United States, related to the frequency and average cost of claims, in part by considering the historical experience of the Company. Professionals with

specialized skill and knowledge were used to assist in evaluating the appropriateness of the model as well as the reasonableness of significant assumptions related to the frequency and average cost of claims.

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Warranty and Field Service Actions

We accrue the estimated cost of both base warranty coverages and field service actions at the time of sale. We establish our estimate of base warranty obligations using a patterned estimation model, using historical information regarding the nature, frequency, and average cost of claims for each vehicle line by model year. We establish our estimates of field service action obligations using a patterned estimation model, using historical information regarding the nature, frequency, severity, and average cost of claims for each model year. In addition, from time to time, we issue extended warranties at our expense, the estimated cost of which is accrued at the time of issuance. Warranty and field service action obligations are reported in *Other liabilities and deferred revenue*. We reevaluate the adequacy of our accruals on a regular basis.

We recognize the benefit from a recovery of the costs associated with our warranty and field service actions when specifics of the recovery have been agreed with our supplier and the amount of recovery is virtually certain. Recoveries are reported in *Trade and other receivables, net* and *Other assets.*

The estimate of our future warranty and field service action costs, net of estimated supplier recoveries, for the years ended December 31 was as follows (in millions):

	2021	2022
Beginning balance	$ 8,172	$ 8,451
Payments made during the period	(3,952)	(4,166)
Changes in accrual related to warranties issued during the period	4,102	4,028
Changes in accrual related to pre-existing warranties	221	1,134
Foreign currency translation and other	(92)	(254)
Ending balance	$ 8,451	$ 9,193

Changes to our estimated costs are reported as changes in accrual related to pre-existing warranties in the table above. Our estimate of reasonably possible costs in

excess of our accruals for material field service actions and customer satisfaction actions is a range of up to about $700 million in the aggregate.

39. On May 3, 2023, the Company released its financial results for the first quarter of 2023. The Form 10-Q filed with the SEC that day stated:

Warranty and Field Service Actions

We accrue the estimated cost of both base warranty coverages and field service actions at the time of sale. We establish our estimate of base warranty obligations using a patterned estimation model, using historical information regarding the nature, frequency, and average cost of claims for each vehicle line by model year. We establish our estimates of field service action obligations using a patterned estimation model, using historical information regarding the nature, frequency, severity, and average cost of claims for each model year. In addition, from time to time, we issue extended warranties at our expense, the estimated cost of which is accrued at the time of issuance. Warranty and field service action obligations are reported in *Other liabilities and deferred revenue*. We reevaluate the adequacy of our accruals on a regular basis.

We recognize the benefit from a recovery of the costs associated with our warranty and field service actions when specifics of the recovery have been agreed with our supplier and the amount of recovery is virtually certain. Recoveries are reported in *Trade and other receivables, net* and *Other assets.*

The estimate of our future warranty and field service action costs, net of estimated supplier recoveries, for the periods ended March 31 was as follows (in millions):

	First Quarter	
	2022	**2023**
Beginning balance	$ 8,451	$ 9,193
Payments made during the period	(984)	(990)
Changes in accrual related to warranties issued during the period	793	972
Changes in accrual related to pre-existing warranties	21	226
Foreign currency translation and other	38	(117)
Ending balance	$ 8,319	$ 9,284

Changes to our estimated costs are reported as changes in accrual related to pre-existing warranties in the table above. Our estimate of reasonably possible costs in excess of our accruals for material field service actions and customer satisfaction actions is a range of up to about $700 million in the aggregate.

40. On July 28, 2023, the Company released its financial results for the second quarter of 2023. The Form 10-Q filed with the SEC that day stated:

Warranty and Field Service Actions

We accrue the estimated cost of both base warranty coverages and field service actions at the time of sale. We establish our estimate of base warranty obligations using a patterned estimation model, using historical information regarding the nature, frequency, and average cost of claims for each vehicle line by model year. We establish our estimates of field service action obligations using a patterned estimation model, using historical information regarding the nature, frequency, severity, and average cost of claims for each model year. In addition, from time to time, we issue extended warranties at our expense, the estimated cost of which is accrued at the time of issuance. Warranty and field service action obligations are reported in *Other liabilities and deferred revenue*. We reevaluate the adequacy of our accruals on a regular basis.

We recognize the benefit from a recovery of the costs associated with our warranty and field service actions when specifics of the recovery have been agreed with our supplier and the amount of recovery is virtually certain. Recoveries are reported in *Trade and other receivables, net* and *Other assets.*

The estimate of our future warranty and field service action costs, net of estimated supplier recoveries, for the periods ended June 30 was as follows (in millions):

	First Half	
	2022	**2023**
Beginning balance	$ 8,451	$ 9,193
Payments made during the period	(2,006)	(2,011)
Changes in accrual related to warranties issued during the period	1,877	2,146
Changes in accrual related to pre-existing warranties	395	882
Foreign currency translation and other	(120)	(314)

Ending balance	$	8,597	$	9,896

Changes to our estimated costs are reported as changes in accrual related to pre-existing warranties in the table above. Our estimate of reasonably possible costs in excess of our accruals for material field service actions and customer satisfaction actions is a range of up to about $1 billion in the aggregate.

41. The Company issued a press release on October 18, 2023, announcing changes to the Company's organization and leadership. The press release stated:

Ford is laying the last cornerstone in a series of organizational changes for its Ford+ growth plan, creating an effective and efficient end-to-end global industrial system as the operational engine behind all Ford vehicles – gas, hybrid and electric.

"These moves will drive clarity and simplicity across Ford, so we can significantly ramp up our capabilities and combine them with businesses that are focused on the needs of different customers," said CEO Jim Farley. "We're changing how we work to give those customers experiences that go way beyond their expectations, while maximizing quality, minimizing costs and stamping out complexity everywhere."

* * *

"Additionally, Doug and Kumar's teams will support our customers and the businesses that serve them by rooting out waste, reducing costs and raising quality – in design and development, supply chain and manufacturing," Farley said. "They'll give everyone else at Ford even more Freedom to get close to, understand and serve customers."

42. On October 26, 2023, the Company released its financial results for the third quarter of 2023. The press release issued that day stated:

Ford's third-quarter 2023 results illustrated how the company is beginning to fulfill the growth potential of the customer-focused Ford+ plan – and underscored the vital role of higher quality and lower costs in driving profitability.

"I'm very optimistic about the reality we're creating with Ford+," said President and CEO Jim Farley. "We're building a more dynamic, highly talented and customer-focused company at the intersection of great vehicles, iconic brands, innovative software and high-value services.

"We're also radically changing how we work with a series of actions that put the right people with the right capabilities in the right places across the organization, so that our promise isn't masked by cost and quality issues."

* * *

To attack quality and cost issues, Ford last week completed a sequence of organizational changes in support of Ford+, creating an end-to-end global industrial system under Kumar Galhotra, who was named chief operating officer.
The system – comprising vehicle engineering and cycle planning, gas and hybrid programs, supply chain management, and manufacturing – is expected to be an effective and efficient operational engine for all three auto business segments: Ford Blue, Ford Model e and Ford Pro.

Farley said that Galhotra's organization together with Doug Field's EVs, Digital and Design team "will support the businesses and their customers with great technologies and products, while raising quality, reducing costs and rooting out waste with a vengeance."

43. The Form 10-Q filed with the SEC the next day stated:

Warranty and Field Service Actions

We accrue the estimated cost of both base warranty coverages and field service actions at the time of sale. We establish our estimate of base warranty obligations using a patterned estimation model, using historical information regarding the nature, frequency, and average cost of claims for each vehicle line by model year. We establish our estimates of field service action obligations using a patterned estimation model, using historical information regarding the nature, frequency, severity, and average cost of claims for each model year. In addition, from time to time, we issue extended warranties at our expense, the estimated cost of which is accrued at the time of issuance. Warranty and field service action obligations are reported in *Other liabilities and deferred revenue*. We reevaluate the adequacy of our accruals on a regular basis.

We recognize the benefit from a recovery of the costs associated with our warranty and field service actions when specifics of the recovery have been agreed with our supplier and the amount of recovery is virtually certain. Recoveries are reported in *Trade and other receivables, net* and *Other assets.*

The estimate of our future warranty and field service action costs, net of estimated supplier recoveries, for the periods ended September 30 was as follows (in millions):

	First Nine Months	
	2022	**2023**
Beginning balance	$ 8,451	$ 9,193
Payments made during the period	(3,063)	(3,481)

Changes in accrual related to warranties issued during the period	2,806	3,331
Changes in accrual related to pre-existing warranties	449	2,016
Foreign currency translation and other	(241)	(274)
Ending balance	$ 8,402	$ 10,785

Changes to our estimated costs are reported as changes in accrual related to pre-existing warranties in the table above. Our estimate of reasonably possible costs in excess of our accruals for material field service actions and customer satisfaction actions is a range of up to about $1.5 billion in the aggregate.

44. On February 6, 2024, the Company announced its financial results for the fourth quarter and year 2023. The press release also provided guidance for 2024:

<u>Full-Year 2024 Outlook</u>

Ford Chief Operating Officer Kumar Galhotra said that the company entered 2024 with the talent and structure needed to correct quality and cost issues, contributing to growing fundamental strength and upside.

"We're seeing green shoots of quality improvement, including in our new-product launches – with several important ones coming up this year," Galhotra said. "Across our global industrial system we've identified and will land $2 billion in cost reductions, in areas like material, freight and manufacturing – and we're just getting started."

45. The next day, Ford filed its Form 10-K for 2023 with the SEC. The Form 10-K stated:

Warranty Coverage, Field Service Actions, and Customer Satisfaction Actions. We provide warranties on vehicles we sell. Warranties are offered for specific periods of time and/or mileage and vary depending upon the type of product and the geographic location of its sale. Pursuant to these warranties, we will repair, replace, or adjust parts on a vehicle that are defective in factory-supplied materials or workmanship during the specified warranty period. In addition to the costs associated with this warranty coverage provided on our vehicles, we also incur costs as a result of field service actions (i.e., safety recalls, emission recalls, and other product campaigns) and for customer satisfaction actions.

* * *

We consider an accounting estimate to be critical if: (1) the accounting estimate requires us to make assumptions about matters that were highly uncertain at the time the accounting estimate was made, and (2) changes in the estimate that are reasonably likely to occur from period to period, or use of different estimates that we reasonably could have used in the current period, would have a material impact on our financial condition or results of operations.

Management has discussed the development and selection of these critical accounting estimates with the Audit Committee of our Board of Directors. In addition, there are other items within our financial statements that require estimation, but are not deemed critical as defined above. Changes in estimates used in these and other items could have a material impact on our financial statements.

Warranties and Field Service Actions

Nature of Estimates Required. We provide base warranties on the products we sell for specific periods of time and/or mileage, which vary depending upon the type of product and the geographic location of its sale. Separately, we also periodically perform field service actions related to safety recalls, emission recalls, and other product campaigns. Pursuant to these warranties and field service actions, we will repair, replace, or adjust parts on a vehicle that are defective in factory-supplied materials or workmanship. We accrue the estimated cost of both base warranty coverages and field service actions at the time of sale. In addition, from time to time, we issue extended warranties at our expense, the estimated cost of which is accrued at the time of issuance.

Assumptions and Approach Used. We establish our estimate of base warranty obligations using a patterned estimation model. We use historical information regarding the nature, frequency, and average cost of claims for each vehicle line by model year. We reevaluate our estimate of base warranty obligations on a regular basis. Experience has shown that initial data for any given model year may be volatile; therefore, our process relies on long-term historical averages until sufficient data are available. With actual experience, we use the data to update the historical averages. We then compare the resulting accruals with present spending rates to assess whether the balances are adequate to meet expected future obligations. Based on this data, we update our estimates as necessary.

Field service actions may occur in periods beyond the base warranty coverage period. We establish our estimates of field service action obligations using a patterned estimation model. We use historical information regarding the nature, frequency, severity, and average cost of claims for each model year. We assess our obligation for field service actions on a regular basis using actual claims experience and update our estimates as necessary.

Due to the uncertainty and potential volatility of the factors used in establishing our estimates, changes in our assumptions could materially affect our financial condition and results of operations. See Note 25 of the Notes to the Financial Statements for information regarding warranty and field service action costs.

* * *

Warranty and Field Service Actions Accrual (United States)

As described in Note 25 to the consolidated financial statements, the Company had an accrual for estimated future warranty and field service action costs, net of estimated supplier recoveries ("warranty accrual"), of $11,504 million as of December 31, 2023, of which the United States comprises a significant portion. Management accrues the estimated cost of both base warranty coverages and field service actions at the time of sale. Management establishes their estimate of base warranty obligations using a patterned estimation model, using historical information regarding the nature, frequency, and average cost of claims for each vehicle line by model year. Management establishes their estimates of field service action obligations using a patterned estimation model, using historical information regarding the nature, frequency, severity, and average cost of claims for each model year. Management reevaluates the adequacy of their accruals on a regular basis.

The principal considerations for our determination that performing procedures relating to the warranty accrual for the United States is a critical audit matter are (i) the significant judgment by management in the estimation of the accrual and development of the patterned estimation model; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating the estimation model and significant assumptions related to the frequency and average cost of claims; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls related to the estimate of the warranty accrual for the United States. These procedures also included, among others, evaluating the reasonableness of significant assumptions used by management to develop the warranty accrual for the United States, related to the frequency and average cost of claims, in part by considering the historical experience of the Company. Professionals with specialized skill and knowledge were used to assist in evaluating the appropriateness of the model as well as the reasonableness of significant assumptions related to the frequency and average cost of claims.

* * *

Warranty and Field Service Actions

We accrue the estimated cost of both base warranty coverages and field service actions at the time of sale. We establish our estimate of base warranty obligations using a patterned estimation model, using historical information regarding the nature, frequency, and average cost of claims for each vehicle line by model year. We establish our estimates of field service action obligations using a patterned estimation model, using historical information regarding the nature, frequency, severity, and average cost of claims for each model year. In addition, from time to time, we issue extended warranties at our expense, the estimated cost of which is accrued at the time of issuance. Warranty and field service action obligations are reported in *Other liabilities and deferred revenue*. We reevaluate the adequacy of our accruals on a regular basis.

We recognize the benefit from a recovery of the costs associated with our warranty and field service actions when specifics of the recovery have been agreed with our supplier and the amount of recovery is virtually certain. Recoveries are reported in *Trade and other receivables, net* and *Other assets.*

The estimate of our future warranty and field service action costs, net of estimated supplier recoveries, for the years ended December 31 was as follows (in millions):

	2022	2023
Beginning balance	$ 8,451	$ 9,193
Payments made during the period	(4,166)	(4,779)
Changes in accrual related to warranties issued during the period	4,028	4,743
Changes in accrual related to pre-existing warranties	1,134	2,648
Foreign currency translation and other	(254)	(301)
Ending balance	$ 9,193	$ 11,504

Changes to our estimated costs are reported as changes in accrual related to pre-existing warranties in the table above. Our estimate of reasonably possible costs in excess of our accruals for material field service actions and customer satisfaction actions is a range of up to about $1.3 billion in the aggregate.

46. On April 25, 2024, the Company released its financial results for the first quarter of 2025. The Form 10-Q filed with the SEC that day stated:

Warranty and Field Service Actions

We accrue the estimated cost of both base warranty coverages and field service actions at the time of sale. We establish our estimate of base warranty obligations using a patterned estimation model, using historical information regarding the nature, frequency, and average cost of claims for each vehicle line by model year. We establish our estimates of field service action obligations using a patterned estimation model, using historical information regarding the nature, frequency, severity, and average cost of claims for each model year. In addition, from time to time, we issue extended warranties at our expense, the estimated cost of which is accrued at the time of issuance. Warranty and field service action obligations are reported in *Other liabilities and deferred revenue*. We reevaluate the adequacy of our accruals on a regular basis.

We recognize the benefit from a recovery of the costs associated with our warranty and field service actions when specifics of the recovery have been agreed with our supplier and the amount of recovery is virtually certain. Recoveries are reported in *Trade and other receivables, net* and *Other assets.*

The estimate of our future warranty and field service action costs, net of estimated supplier recoveries, for the periods ended March 31 was as follows (in millions):

	First Quarter	
	2023	**2024**
Beginning balance	$ 9,193	$ 11,504
Payments made during the period	(990)	(1,391)
Changes in accrual related to warranties issued during the period	972	1,091
Changes in accrual related to pre-existing warranties	226	397
Foreign currency translation and other	(117)	(61)
Ending balance	$ 9,284	$ 11,540

Changes to our estimated costs are reported as changes in accrual related to pre-existing warranties in the table above. Our estimate of reasonably possible costs in excess of our accruals for material field service actions and customer satisfaction actions is a range of up to about $1.3 billion in the aggregate.

47. The foregoing statements were materially false and misleading, and failed to disclose materially adverse facts about the Company's business and operations. Specifically, the

statements failed to disclose that: (a) Ford vehicles suffered from issues in quality; (b) the quality issues would increase warranty costs; (c) the Company's warranty reserves did not accurately reflect the increase in warranty costs; and (d) the increased warranty costs would negatively impact the Company's financial performance.

C. The Truth is Revealed

48. On July 24, 2024, the Company released its financial results for the second quarter of 2024. The press release announcing the results stated:

> Ford+ is on track, our underlying quality is improving, and Ford Pro is showing the huge upside we've got in all our businesses," [Defendant] Farley said. "Transparency and accountability from having separate teams focused on the needs of different customers are leading to better decisions and greater value for everyone."
>
> * * *
>
> Company net income was $1.8 billion and adjusted earnings before interest and taxes, or EBIT, was $2.8 billion. Profitability was affected by an increase in warranty reserves, though efforts to lift the quality of new products are starting to pay off, with positive implications for customer satisfaction and Ford's operating performance.
>
> J.D. Power last month reported that Ford jumped 14 spots to No. 9 in the analytics company's 2024 U.S. Initial Quality Study. Bronco Sport was named the best small SUV for initial quality; Ford's Lincoln luxury brand was recognized for enhanced performance.
>
> "Our own evaluations are showing similar quality gains," said Ford Vice Chair and CFO John Lawler, "with declines in the number of incidents during the critical first three months in service, what the industry calls '3MIS.'"
>
> Product launch and 3MIS data are leading indicators of future warranty costs, with today's quality improvements typically showing up in financial results down the road.
>
> "We still have lots of work ahead of us to raise quality and reduce costs and complexity, but the team is committed and we're heading in the right direction," said Lawler.
>
> * * *

Outlooks for full-year EBIT are up for Ford Pro, to $9.0 billion to $10.0 billion, on further growth and favorable product mix, and down for Ford Blue, to $6.0 billion to $6.5 billion, reflecting higher warranty costs than originally planned.

49. That same day, the Company filed its Form 10-Q with the SEC. According to the Form 10-Q:

Warranty and Field Service Actions

We accrue the estimated cost of both base warranty coverages and field service actions at the time of sale. We establish our estimate of base warranty obligations using a patterned estimation model, using historical information regarding the nature, frequency, and average cost of claims for each vehicle line by model year. We establish our estimates of field service action obligations using a patterned estimation model, using historical information regarding the nature, frequency, severity, and average cost of claims for each model year. In addition, from time to time, we issue extended warranties at our expense, the estimated cost of which is accrued at the time of issuance. Warranty and field service action obligations are reported in *Other liabilities and deferred revenue*. We reevaluate the adequacy of our accruals on a regular basis.

We recognize the benefit from a recovery of the costs associated with our warranty and field service actions when specifics of the recovery have been agreed with our supplier and the amount of recovery is virtually certain. Recoveries are reported in *Trade and other receivables, net* and *Other assets.*

The estimate of our future warranty and field service action costs, net of estimated supplier recoveries, for the periods ended June 30 was as follows (in millions):

	First Half	
	2023	**2024**
Beginning balance	$ 9,193	$ 11,504
Payments made during the period	(2,011)	(2,862)
Changes in accrual related to warranties issued during the period	2,146	2,671
Changes in accrual related to pre-existing warranties	882	1,438
Foreign currency translation and other	(314)	(198)

Ending balance	$	9,896	$	12,553

> Changes to our estimated costs are reported as changes in accrual related to pre-existing warranties in the table above. Our estimate of reasonably possible costs in excess of our accruals for material field service actions and customer satisfaction actions is a range of up to about $1.3 billion in the aggregate.

50. On this news, the Company's stock dropped more than 18%, closing at $11.16 per share on July 25, 2024.

D. Defendants' Misconduct Has and Continues to Harm the Company

51. As a direct and proximate result of the Defendants' conduct, the Company has been harmed and will continue to be. The harm includes, but is not limited to, the costs already incurred and to be incurred defending the Company in the securities class actions *Sklodowski v. Ford Motor Company, et al.*, 2:24-cv-12492-TBG-EAS (E.D.Mich.) and *Guzman v. Ford Motor Company, et al.*, 2:24-cv-12080-LVP-KGA (E.D.Mich.), as well as costs to be incurred in remediating deficiencies in the Company's internal controls.

52. Ford's reputation and goodwill have also been damaged by the Defendants' misconduct. In response to the revelation that warranty costs had risen more than expected, J.P. Morgan analyst Ryan Brinkman stated: "Ford management believes its initial quality on newly built vehicles has since improved, implying stronger than might appear current-period execution and lower future-period warranty expense, although we do not expect investors to give Ford a pass, including given the automaker has intermittently struggled with higher repair costs for coming on several years."

53. UBS analyst Joseph Spak also questioned the Company's conduct, stating: "The warranty is one-time-ish, it just seems to be a recurring problem, and investors we spoke to thought communication could have been handled better." Spak also noted the damage to Ford's reputation from the false and misleading statements: "[UBS] believe[s] the market still lacks faith in Ford's

EV/software strategy, which compounds the higher cash balance/lack of higher cash returns issue as investors are concerned about the return they will see on that cash." UBS also lowered its price target for the Company in light of the truth concerning warranty costs.

54. Dan Levy, an analyst for Barclays, noted that "[t]he warranty challenges are frustrating for investors, as they come on the heels of many other warranty issues in past years and at times drag results without warning."

E. Ford Issues False and Misleading Proxy Statements

55. In addition to the false and misleading statements discussed above, the Director Defendants also caused the Company to issue false and misleading proxy statements during the Relevant Period, including the Schedule 14A Proxy Statements issued on March 31, 2023 and March 29, 2024 (the "Proxies"), that sought stockholder votes to, among other things, re-elect the Director Defendants to serve on the Board.

56. The Director Defendants drafted, approved, reviewed, and/or signed the Proxies before they were filed with the SEC and disseminated to Ford's stockholders. The Director Defendants negligently issued materially misleading statements in the Proxies. These allegations are based solely on negligence, they are not based on any allegations of recklessness or knowing conduct by or on behalf of the Director Defendants and they do not allege or do not sound in fraud. Plaintiff specifically disclaims any allegations of, reliance upon any allegation of, or reference or any allegation of fraud, scienter, or recklessness with regard to the Proxies allegations and related claims.

57. In support of re-electing themselves, the Director Defendants highlighted their supposed oversight of the Company in the Proxy filed in 2023. That Proxy stated:

> The oversight responsibility of the Board and its committees is supported by Company management and the risk management processes that are currently in

place. Ford has extensive and effective risk management processes, relating specifically to compliance, reporting, operating, and strategic risks.

- *Compliance Risk* encompasses matters such as legal and regulatory compliance (e.g., Foreign Corrupt Practices Act, environmental, OSHA/safety, etc.).
- *Reporting Risk* covers Sarbanes-Oxley compliance, disclosure controls and procedures, and accounting compliance.
- *Operating Risk* addresses the myriad of matters related to the operation of a complex company such as Ford (e.g., quality, supply chain, sales and service, financing and liquidity, product development and engineering, labor, etc.).
- *Strategic Risk* encompasses somewhat broader and longer-term matters, including, but not limited to, technology development, environmental and social sustainability, capital allocation, management development, retention and compensation, competitive developments, and geopolitical developments.

We believe that key success factors in risk management at Ford include a strong risk analysis tone set by the Board and senior management, which is shown through their commitment to effective top-down and bottom-up communication (including communication between management and the Board and Committees), and active cross-functional participation among the Business Segments and Skill Teams. We have institutionalized a regular Forecast, Controls and Risk Review and Special Attention Review process where the senior leadership of the Company reviews the status of the business, the risks and opportunities presented to the business (in the areas of compliance, reporting, operating, and strategic risks), and develops specific plans to address those risks and opportunities.

The Enterprise Risk Management process adopted by the Company identifies the top critical enterprise risks through a survey process of senior management and the Board of Directors. Once identified, each of the top risks is assigned an executive risk owner who is responsible to oversee risk assessment, develop mitigation plans, and provide regular updates. The Enterprise Risk Management process also engages Business Segments and Skill Teams to determine which of the enterprise risks are most relevant to their specific objectives, and identify any additional risks that can be managed at a lower level in the organization. All identified Enterprise Critical Risks are evaluated for their exposure to related geopolitical risk and climate change impacts. The Audit Committee and Board annually review the process to update the list of critical risks and monitor risk movement and emerging trends, and the Enterprise Risk Management team also reviews the annual survey results with outside advisors to ensure the Company assessment is up to date with external risk developments.

As noted above, the full Board of Directors has overall responsibility for the oversight of risk management at Ford and oversees operating risk management with reviews at each of its regular Board meetings. The Board of Directors has delegated responsibility for the oversight of specific areas of risk management to certain committees of the Board, with each Board committee reporting to the full Board following each committee meeting. The Audit Committee assists the Board of Directors in overseeing compliance and reporting risk, and the Enterprise Risk Management process itself. The Sustainability, Innovation and Policy Committee assists the Board of Directors in overseeing environmental and social sustainability risks, while the Compensation, Talent and Culture Committee assists the Board of Directors in overseeing risks related to compensation and people- related business strategies, including leadership succession and culture, diversity, and inclusion. The Board and the appropriate committees also periodically review other policies related to personnel matters, including those related to sexual harassment and anti-retaliation policies related to whistleblowers. The Board, the Sustainability, Innovation and Policy Committee, the Compensation, Talent and Culture Committee, the Finance Committee, and the Audit Committee all play a role in overseeing operating and strategic risk management.

The scope and severity of risks presented by cyber threats have increased dramatically, and constant vigilance is required to protect against intrusions. We take cyber threats very seriously and regularly audit our cyber security capabilities. These audits are a useful tool for ensuring that we maintain a robust cyber security program to protect our investors, customers, employees, and intellectual property. The Audit Committee receives updates several times per year from the Chief Information Security Officer regarding technology and cyber security risk and conducts regular reviews of our cyber security practices, with report outs to the Board as appropriate. As part of its risk assessment procedures, the Board reviews relevant cyber security and information technology matters at least twice annually.

We also maintain an industry-leading cyber security insurance program with many of the world's largest and most respected insurance companies. Additionally, we are a founding member of the Board of the Automotive Information Sharing and Analysis Center. Our current seat on that board ensures that we preserve relationships that help to protect ourselves against both enterprise and in-vehicle security risks.

Please refer to our Integrated Sustainability and Financial Report (http://sustainability.ford.com) for additional information about how we identify and address environmental and social sustainability risks.

OVERSIGHT OF RISK MANAGEMENT

	COMPLIANCE & REPORTING	**OPERATING & STRATEGIC**
FORD BOARD *Oversight*	Audit Committee	Sustainability, Innovation and Policy Committee

		Compensation, Talent and Culture Committee Finance Committee Audit Committee
FORD MANAGEMENT *Day-to-Day*	Compliance Reviews Sarbanes-Oxley Compliance Internal Controls Disclosure Committee	Business Segments and Skill Teams Forecast, Controls and Risk Review Special Attention Review Product, Strategy, and People Forums

AUDIT COMMITTEE FINANCIAL EXPERT AND AUDITOR ROTATION

The Charter of the Audit Committee provides that a member of the Audit Committee generally may not serve on the audit committee of more than two other public companies. The Board has designated John B. Veihmeyer as an Audit Committee financial expert. Mr. Veihmeyer meets the independence standards for audit committee members under the NYSE Listed Company and SEC rules. Mr. Veihmeyer is also the chair of the Audit Committee. The lead partner of the Company's independent registered public accounting firm is rotated at least every five years.

58. The Director Defendants also highlighted their supposed oversight of the Company, to support their reelection, in the Proxy filed in 2024. That Proxy stated:

> The oversight responsibility of the Board and its committees is supported by Company management and the risk management processes that are currently in place. Ford has extensive and effective risk management processes, relating specifically to compliance, reporting, operating, and strategic risks.
>
> *Compliance Risk* encompasses matters such as legal and regulatory compliance (e.g., Foreign Corrupt Practices Act, environmental, Occupational Safety and Health Administration/safety, etc.).
>
> *Reporting Risk* covers Sarbanes-Oxley compliance, disclosure controls and procedures, and accounting compliance.
>
> *Operating Risk* addresses the myriad of matters related to the operation of a complex company such as Ford (e.g., quality, supply chain, sales and service, financing and liquidity, product development and engineering, labor, etc.).

Strategic Risk encompasses somewhat broader and longer-term matters, including, but not limited to, technology development, environmental and social sustainability, capital allocation, management development, retention and compensation, competitive developments, and geopolitical developments.

We believe that key success factors in risk management at Ford include a strong risk analysis tone set by the Board and senior management, which is shown through their commitment to effective top-down and bottom-up communication (including communication between management and the Board and Committees), and active cross-functional participation among the Business Segments and Skill Teams. We have institutionalized a regular Forecast, Controls and Risk Review and Special Attention Review process where the senior leadership of the Company reviews the status of the business, the risks and opportunities presented to the business (in the areas of compliance, reporting, operating, and strategic risks), and develops specific plans to address those risks and opportunities.

The Enterprise Risk Management process adopted by the Company identifies the top critical enterprise risks through engagement with senior management and the Board of Directors. Once identified, each of the top risks is validated and assigned an executive risk owner who is responsible to oversee risk assessment, develop mitigation plans, and provide regular updates. The Enterprise Risk Management process also engages Business Segments and Skill Teams to determine which of the enterprise risks are most relevant to their specific objectives, and identify any additional risks that can be managed at a lower level in the organization. All identified Enterprise Critical Risks are evaluated for their exposure to related geopolitical risk and climate change impacts. The Audit Committee and Board annually review the process to update the list of critical risks and monitor risk movement and emerging trends, and the Enterprise Risk Management team also benchmarks the annual risk assessment with outside sources to ensure the Company assessment is up to date with external risk developments.

As noted above, the full Board of Directors has overall responsibility for the oversight of risk management at Ford and oversees operating risk management with reviews at each of its regular Board meetings. The Board of Directors has delegated responsibility for the oversight of specific areas of risk management to certain committees of the Board, with each Board committee reporting to the full Board following each committee meeting. The Audit Committee assists the Board of Directors in overseeing compliance and reporting risk, cybersecurity risk, and the Enterprise Risk Management process itself. The Sustainability, Innovation and Policy Committee assists the Board of Directors in overseeing environmental and social sustainability risks, while the Compensation, Talent and Culture Committee assists the Board of Directors in overseeing risks related to compensation and people-related business strategies, including leadership succession and culture, diversity, and inclusion. The Board and the appropriate committees also periodically review other policies related to personnel matters, including those related to sexual harassment and anti-retaliation policies related to whistleblowers.

The Board, the Sustainability, Innovation and Policy Committee, the Compensation, Talent and Culture Committee, the Finance Committee, and the Audit Committee all play a role in overseeing operating and strategic risk management.

The scope and severity of cybersecurity risks is evolving, and we devote significant resources to our security program that we believe is reasonably designed to protect against these risks. The Audit Committee receives regular updates on our cybersecurity practices as well as cybersecurity and information technology risks from our Chief Information Security Officer. These regular updates include topics related to cybersecurity practices, cyber risks, and risk management processes, such as updates to our cybersecurity programs and mitigation strategies, and other cybersecurity developments. In addition to these regular updates, as part of our incident response processes, the Chief Enterprise Technology Officer, in collaboration with the Chief Information Security Officer and General Counsel, provides updates on certain cybersecurity incidents to the Audit Committee and, in some cases, the Board. The Audit Committee reviews and provides input into and oversight of our cybersecurity processes, and in the event Ford determines it has experienced a material cybersecurity incident, the Audit Committee is notified about the incident in advance of filing a Current Report on Form 8-K. See our Annual Report on Form 10-K for the year ended December 31, 2023 for additional discussion regarding our cybersecurity risk management, strategy, and governance. Additionally, we are a member of the Financial Services and Information Technology Information Sharing and Analysis Centers (each an "ISAC") as well as a founding member and board member of the Automotive ISAC. Our current seat on that board helps preserve relationships that help us to protect ourselves against both enterprise and in-vehicle security risks.

Please refer to our Integrated Sustainability and Financial Report (http://sustainability.ford.com) for additional information about how we identify and address environmental and social sustainability risks.

OVERSIGHT OF RISK MANAGEMENT

	COMPLIANCE & REPORTING	**OPERATING & STRATEGIC**
FORD BOARD *Oversight*	Audit Committee	Sustainability, Innovation and Policy Committee Compensation, Talent and Culture Committee Finance Committee Audit Committee
FORD MANAGEMENT *Day-to-Day*	Compliance Reviews Sarbanes-Oxley Compliance	Business Segments and Skill Teams Forecast, Controls and

Internal Controls Disclosure Committee	Risk Review Special Attention Review Industrial Platform/Software, Product and Services, Strategy, Business Ops Review, and People Forums

AUDIT COMMITTEE FINANCIAL EXPERT AND AUDITOR ROTATION

The Charter of the Audit Committee provides that a member of the Audit Committee generally may not serve on the audit committee of more than two other public companies. The Board has designated John B. Veihmeyer as an Audit Committee financial expert. Mr. Veihmeyer meets the independence standards for audit committee members under the NYSE Listed Company and SEC rules. Mr. Veihmeyer is also the chair of the Audit Committee. The lead partner of the Company's independent registered public accounting firm is rotated at least every five years.

59. The Proxies thus assured stockholders that the Director Defendants understood Company-wide risks, actively oversaw the Company's risks and exposures, as well as steps taken to monitor and mitigate risk exposures. In reality, the Director Defendants were utterly failing in their oversight duties by allowing the Company to operate with inadequate internal controls which resulted in the failure to disclose or prevent the Defendants from causing the Company to make materially false and misleading statements concerning the increase in warranty costs because of quality issues with Ford's vehicles.

60. As a result of these misleading statements, the Company's stockholders voted via an uninformed stockholder vote to re-elect the Director Defendants to the Board.

F. The Board Breached its Fiduciary Duties

61. As officers and/or directors of Ford, the Defendants owed Ford fiduciary duties of good faith, loyalty, and candor, and were and are required to use their utmost ability to control and manage Ford in a fair, just, honest and equitable manner. The conduct of the Director Defendants

involves a knowing or reckless violation of their obligations as directors and officers of Ford, the absence of good faith on their part, and a reckless disregard for their duties to the Company that Director Defendants were aware or should have been aware posed a risk of serious injury to the Company.

62. Defendants, because of their positions of control and authority as directors and/or officers of Ford, were able to and did exercise control over the wrongful acts complained of herein. As officers and/or directors of a publicly-traded company, the Defendants had a duty to prevent the dissemination of inaccurate and untruthful information regarding Ford's financial condition, performance, growth, operations, financial statements, business, management, earnings, internal controls, and business prospects, so as to ensure that the market price of the Company's common stock would be based upon truthful and accurate information.

63. To discharge their duties, the officers and directors of Ford were required to exercise reasonable and prudent supervision over the management, policies, practices and controls of the Company. By virtue of such duties, the officers and directors and Ford were required to, among other things:

(a) Ensure that the Company complied with its legal obligations and requirements, including acting only within the scope of its legal authority and disseminating truthful and accurate statements to the SEC and the Company's stockholders;

(b) Conduct the affairs of the Company in a lawful, efficient, business-like manner to provide the highest quality performance of its business, to avoid wasting the Company's assets, and to maximize the value of the Company's stock;

(c) Refrain from unduly benefiting themselves and other Company insiders at the expense of the Company;

(d) Oversee public statements made by the Company's officers and employees as to the financial condition of the Company at any given time, including ensuring that any statements about the Company's financial results and prospects are accurate, and ensuring that the Company maintained an adequate system of financial controls such that the Company's financial reporting would be true and accurate at all times;

(e) Remain informed as to how the Company conducted its operations, and, upon receipt of notice or information of imprudent or unsound conditions or practices, make reasonable inquiry in connection therewith, and take steps to correct such conditions or practices and make such disclosures as necessary to comply with federal and state securities laws;

(f) Maintain and implement an adequate and functioning system of internal controls to ensure that the Company complied with all applicable laws, rules, and regulations; and

(g) Ensure that the Company is operated in a diligent, honest, and prudent manner in compliance with all applicable federal, state, and local laws, rules and regulations.

64. The conduct of the Defendants complained of herein involves a knowing and culpable violation of their obligations as officers and directors of the Company, the absence of good faith on their part, or a reckless disregard for their duties to the Company and its stockholders,

which the Defendants were aware, or should have been aware, posed a risk of serious injury to the Company.

65. The Board's Audit Committee is tasked with overseeing Ford's financial reporting system and assisting the Board with its oversight of the adequacy and effectiveness of Ford's internal controls over financial reporting and its disclosure controls and procedures. Specifically, according to the Audit Committee's charter, the Audit Committee's responsibilities include:

> (1) Review and discuss with management and the independent auditor the annual and quarterly financial statements prior to their filing, including the Company's disclosure under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and a discussion with the independent auditor of the matters required to be communicated by applicable Statements of Auditing Standards.
>
> (2) Discuss generally the Company's philosophy and processes associated with earnings press releases and financial information and earnings guidance provided to analysts and rating agencies.
>
> (3) Review with the independent auditor all critical accounting policies and practices to be used; all alternative treatments of financial information within generally accepted accounting principles ("GAAP") that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.

66. In violation of the Audit Committee Charter, and their general duties as members of the Audit Committee, Defendants Veihmeyer, Casiano and Mooney conducted little, if any, oversight of the Company's internal controls over financial reporting, resulting in materially false and misleading statements regarding the Company's business and consciously disregarded their duties to monitor such controls. The Audit Committee's complete failure to perform their duties in good faith resulted in misrepresentations to the public and the Company's stockholders.

67. In addition, as officers and directors of a publicly-traded company whose common stock was registered with the SEC pursuant to the Exchange Act, the Defendants had a duty not to effect the dissemination of inaccurate and untruthful information with respect to the Company's financial condition, performance, growth, operations, financial statements, business, products, management, earnings, internal controls, and present and future business prospects, so that the market price of the Company's common stock would be based upon truthful and accurate information. Accordingly, the Defendants breached their fiduciary duties by knowingly or recklessly causing the Company to make false and misleading statements of material fact about the Company's maintaining adequate internal controls and compliance with applicable rules and regulations.

68. The Defendants' flagrant violations of their fiduciary duties and unwillingness to heed the requirements of their Audit Committee Charter have inflicted, and will continue to inflict, significant harm on Ford.

DERIVATIVE ALLEGATIONS

69. Plaintiff brings this action derivatively in the right and for the benefit of Ford to redress injuries suffered by Ford as a direct result of the Director Defendants' breaches of fiduciary duty. Ford is named as a nominal defendant solely in a derivative capacity. This is not a collusive action to confer jurisdiction on this Court that it would not otherwise have.

70. Plaintiff will adequately and fairly represent the interests of Ford in enforcing and prosecuting the Company's rights.

71. Plaintiff was a stockholder of Ford at the time of the wrongdoing complained of, has continuously been a stockholder since that time, and is currently a Ford stockholder.

DEMAND FUTILITY ALLEGATIONS

72. Plaintiff repeats, re-alleges, and incorporates by reference each and every allegations set forth as though fully set forth herein.

73. The Ford Board currently has fifteen members: Adriana Cisneros and Defendants Farley, Casiano, Ford English, H. Ford, W. Ford, Helman, Huntsman, Kennard, May, Mooney, Vojvodich Radakovich, Thornton, Veihmeyer, and Weinberg.

74. Plaintiff has not made any demand on Ford's current Board to institute this action against the Director Defendants, as any pre-suit demand would be excused. The Board is incapable of making an independent and disinterested decision to institute and vigorously prosecute this action.

A. The Director Defendants Lack Independence Because They Face a Substantial Likelihood of Liability

75. As alleged above, the Director Defendants breached their fiduciary duties by negligently issuing the materially false and misleading Proxies soliciting the reelection of themselves to the Board. Accordingly, the Director Defendants face a substantial likelihood of negligence liability for issuing the Proxies and any demand upon these defendants is therefore futile.

76. The Director Defendants face a substantial likelihood of liability for their individual misconduct. As alleged above, the Director Defendants breached their fiduciary duties by allowing the Company to issue the materially false and misleading statements described above. The Director Defendants had a duty to ensure that the Company's SEC filings, press releases, and other public statements and presentations concerning its business, operations, prospects, internal controls, and financial statements were accurate.

77. In addition, the Director Defendants owed a duty to, in good faith and with due diligence, exercise reasonable inquiry, oversight, and supervision to ensure that the Company's

internal controls were sufficiently robust and effective (and/or were being implemented effectively), and to ensure that the Board's duties were being discharged in good faith and with the required diligence and due care. Instead, the Director Defendants knowingly and/or with reckless disregard reviewed, authorized, and/or caused the publication of the materially false and misleading statements discussed above that caused the Company's stock to trade at artificially inflated prices and misrepresented the financial health of Ford.

78. The Director Defendants' making or authorization of these false and misleading statements, failure to timely correct such statements, failure to take necessary and appropriate steps to ensure that the Company's internal controls were sufficiently robust and effective (and/or were being implemented effectively), and failure to take necessary and appropriate steps to ensure that the Board's duties were being discharged in good faith and with the required due diligence constitute breaches of fiduciary duties that have resulted in the Director Defendants facing a substantial likelihood of liability. If the Director Defendants were to bring a suit on behalf of Ford to recover damages sustained as a result of this misconduct, they would expose themselves and their colleagues to significant liability. For this reason, demand is futile as to the Director Defendants.

B. Defendants Farley, Ford English, H. Ford, W. Ford, and Huntsman are not Independent

79. Defendant Farley is an executive officer of and currently employed by Ford. Defendant Farley received compensation of $26.4 million in 2023, $20.9 million in 2022, and $22.8 million in 2021. Defendant Farley thus depends on Ford for his income. In addition, the Company stated in the Schedule 14A Proxy Statement filed with the SEC on March 29, 2024 (the "2024 Proxy") that Defendant Farley is not independent pursuant to SEC and NYSE rules.

80. Defendant Ford English was employed by the Company from 2017 to 2022, and is a member of the Ford family. In addition, the Company stated in the 2024 Proxy that Defendant Ford English is not independent pursuant to SEC and NYSE rules.

81. Defendant W. Ford, a member of the Ford family, served as CEO of the Company from 2001 to 2006, and has served as Executive Chair since 2006. Defendant W. Ford has a 7.6% interest in Fontinalis Capital Partners II, a venture capital fund. Between 2016 and March 1, 2024, the Company invested $10 million in the investment fund. In addition, Defendant W. Ford is a minority owner of The Detroit Lions, Inc., a team in the National Football League, and serves as a director and officer of the team. In 2002, Ford paid $50 million for naming rights for The Detroit Lions, Inc.'s stadium, and since 2005 has provided new Ford, Lincoln, or Mercury brand vehicles for use by management and staff of the team and the stadium. In addition, the Company stated in the 2024 Proxy that Defendant W. Ford is not independent pursuant to SEC and NYSE rules.

82. Defendant H. Ford was employed by the Company from 2006 to 2021, and is a member of the Ford family. Defendant H. Ford and his family have an interest in Marketing Associates, LLC, which they previously controlled. Their current interest is in a promissory note related to the sale of their entire interest in Marketing Associates, LLC, the principal amount of which is tied to that company's revenues from Ford. In 2023, Ford paid Marketing Associates, LLC approximately $60.8 million for marketing and related services. In addition, the Company stated in the 2024 Proxy that Defendant H. Ford is not independent pursuant to SEC and NYSE rules.

83. Defendant Huntsman was employed as the Company's Vice Chair, Policy from May 2021 to December 2022, advising Farley and W. Ford on strategic policy choices. Defendant Huntsman received $3.7 million in compensation in 2021 and $4.2 million in 2022 in relation to

his employment with Ford. In addition, the Company stated in the 2024 Proxy that Defendant Huntsman is not independent pursuant to SEC and NYSE rules.

C. Defendants Veihmeyer, Casiano and Mooney are not Disinterested Because They Were Members of the Committee Responsible for Overseeing Financial Reporting

84. The Audit Committee assists the Board with overseeing the reliability and integrity of the Company's financial reporting and disclosure practices, and the Company's compliance with laws and regulations. One of the Audit Committee's responsibilities is review and discuss with management and the Company's independent auditor the annual and quarterly financial statements before they are filed. The Audit Committee was thus responsible for reviewing and approving Ford's Forms 10-Q and 10-K filed between October 2021 and July 2024. Defendants Veihmeyer, Casiano and Mooney were members of the Audit Committee during the relevant time period and were thus responsible for knowingly or recklessly allowing the improper statements related to the Company's earnings guidance and financial and disclosure controls. Through their knowledge or reckless disregard, Defendants Veihmeyer, Casiano and Mooney caused improper statements by the Company. Accordingly, Defendants Veihmeyer, Casiano and Mooney breached their fiduciary duty of loyalty and good faith because they participated in the misconduct described above. They face a substantial likelihood of liability for these breaches, making any demand on them futile.

85. Based on the facts alleged herein, there is a substantial likelihood that Plaintiff will be able to prove that these individuals breached their fiduciary duties by condoning the misconduct and failing to take meaningful action to remedy the resultant harm.

CLAIMS FOR RELIEF

COUNT I
Breach of Fiduciary Duty
(Derivatively Against The Director Defendants)

86. Plaintiff incorporates each and every allegation set forth above as if fully set forth herein.

87. Each of the Defendants owed and owes Ford the highest obligations of loyalty, good faith, due care, and oversight.

88. Each of the Defendants violated and breached their fiduciary duties of loyalty, good faith, candor and oversight to the Company.

89. The Director Defendants' conduct set forth herein was due to their intentional or reckless breach of the fiduciary duties they owed to the Company. In breach of their fiduciary duties, the Director Defendants failed to maintain an adequate system of oversight, disclosure controls and procedures, and internal controls.

90. In addition, the Director Defendants further breached their fiduciary duties owed to Ford by willfully or recklessly making and/or causing the Company to make false and misleading statements and omissions of material fact and allowing the Company to operate with inadequate internal controls which resulted in the misrepresentations and failure to disclose that quality issues with Ford vehicles would increase warranty costs, which would negatively impact the Company's financial performance. The Director Defendants failed to correct and cause the Company to fail to rectify any of the wrongs described herein or correct the false and misleading statements and omissions of material fact, exposing them to personal liability to the Company for breaching their fiduciary duties.

91. The Director Defendants had actual or constructive knowledge that they had caused the Company to improperly engage in the wrongdoing set forth herein and to fail to maintain

adequate internal controls. The Director Defendants had actual knowledge that the Company was engaging in the wrongdoing set forth herein, and that internal controls were not adequately maintained, or acted with reckless disregard for the truth, in that they caused the Company to improperly engage in the wrongdoing and to fail to maintain adequate internal controls, even though such facts were available to them. Such improper conduct was committed knowingly or recklessly and for the purpose and effect of artificially inflating the price of the Company's securities. The Director Defendants, in good faith, should have taken appropriate action to correct the schemes alleged herein and to prevent them from continuing to occur.

92. As a direct and proximate result of the breaches of duty alleged herein, Ford has sustained and will sustain significant damages.

93. As a result of the misconduct alleged herein, these Defendants are liable to the Company.

94. Plaintiff, on behalf of Ford, has no adequate remedy at law.

COUNT II
Breach of Fiduciary Duty
(Derivatively Against the Officer Defendants)

95. Plaintiff incorporates each and every allegation set forth above as if fully set forth herein.

96. The Officer Defendants are executive officers of the Company. As executive officers, The Officer Defendants owed and owe Ford the highest obligations of loyalty, good faith, due care, oversight, and candor.

97. The Officer Defendants breached their fiduciary duties owed to Ford by willfully or recklessly making and/or causing the Company to make false and misleading statements and omissions of material fact, failing to disclose that quality issues with Ford vehicles would increase warranty costs, which would negatively impact the Company's financial performance. The Officer

Defendants failed to correct and cause the Company to fail to rectify any of the wrongs described herein or correct the false and misleading statements and omissions of material fact.

98. As a direct and proximate result of the breaches of duty alleged herein, Ford has sustained and will sustain significant damages.

99. As a result of the misconduct alleged herein, the Officer Defendants are liable to the Company.

100. Plaintiff, on behalf of Ford, has no adequate remedy at law.

COUNT III
Violation of Section 14(a) of the Exchange Act
(Against The Director Defendants)

101. Plaintiff incorporates each and every allegation set forth above as if fully set forth herein.

102. The section 14(a) Exchange Act claims alleged herein are based solely on negligence. They are not based on any allegation of reckless or knowing conduct by or on behalf of the Director Defendants. The section 14(a) Exchange Act claims detailed herein do not allege and do not sound in fraud. Plaintiff specifically disclaims any allegation of, reliance upon any allegation of, or reference to any allegation of fraud, scienter, or recklessness with regard to the nonfraud claims.

103. The Director Defendants negligently issued, caused to be issued, and participated in the issuance of materially misleading written statements to stockholders which were contained in the Proxies. In the Proxies, the Board solicited stockholder votes to reelect the Director Defendants to the Board.

104. The Proxies, however, misrepresented and failed to disclose the Board's risk oversight and the Company's inadequate internal controls, which facilitated the illegal behavior described herein. By reasons of the conduct alleged herein, the Director Defendants violated

section 14(a) of the Exchange Act. As a direct and proximate result of these defendants' wrongful conduct, Ford misled and deceived its stockholders by making materially misleading statements that were essential links in stockholders following the Company's recommendation and voting to reelect the Director Defendants.

105. Plaintiff, on behalf of Ford, thereby seeks relief for damages inflicted upon the Company based upon the misleading Proxies in connection with the improper reelection of the Director Defendants to the Board.

RELIEF REQUESTED

WHEREFORE, Plaintiff demands judgment as follows:

A. Declaring that Plaintiff may maintain this derivative action on behalf of Ford and that Plaintiff is a proper and adequate representative of the Company;

B. Against all of the Defendants and in favor of Ford for the amount of damages sustained by the Company as a result of the acts and transactions complained of herein;

C. Granting appropriate equitable relief to remedy the Defendants' breaches of fiduciary duties, including, but not limited to the institution of appropriate corporate governance measures;

D. Awarding Ford restitution from Defendants, and each of them, and ordering disgorgement of all profits, benefits and other compensation obtained by Defendants;

E. Awarding Plaintiff the costs and disbursements of this action, including reasonable attorneys' and expert fees and expenses; and

F. Granting such other and further equitable relief as this Court may deem just and proper.

JURY DEMAND

Plaintiff demands a trial by jury.

Respectfully submitted,

Dated: November 26, 2024

/s/ Matthew McManus,
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VERIFICATION

I, Suresh Ram, am the named plaintiff in the foregoing derivative action. I have read the foregoing Verified Stockholder Derivative Complaint, know the contents thereof, and authorized its filing. The contents alleged therein are true to my own knowledge, except as to matters therein stated to be alleged upon information and belief, and as to those matters, I believe them to be true. I further declare that I am a current holder, and have been a holder, of Ford Motor Company common stock during the time period in which the wrongful conduct alleged and complained of occurred.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 25 day of November, 2024.

Suresh Ram